

House Study Bill 321

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON WAYS
AND MEANS BILL BY
CHAIRPERSON SHOMSHOR)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to revenue for the construction and maintenance
2 of roads.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4 TLSB 2934YC 82
5 dea/cf/24

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1 1 Section 1. NEW SECTION. 312A.1 DEFINITIONS.
1 2 As used in this chapter, unless the context otherwise
1 3 requires:
1 4 1. "Department" means the state department of
1 5 transportation.
1 6 2. "Fund", or "TIME=21 fund", means the transportation
1 7 investment moves the economy in the twenty=first century fund.
1 8 Sec. 2. NEW SECTION. 312A.2 TRANSPORTATION INVESTMENT
1 9 MOVES THE ECONOMY IN THE TWENTY=FIRST CENTURY (TIME=21) FUND.
1 10 A transportation investment moves the economy in the
1 11 twenty=first century fund is created in the state treasury
1 12 under the control of the department. The fund shall be known
1 13 and referred to as the TIME=21 fund. The fund shall consist
1 14 of any moneys appropriated by the general assembly and any
1 15 revenues credited by law to the TIME=21 fund. Moneys in the
1 16 fund are not subject to section 8.33. Notwithstanding section
1 17 12C.7, subsection 2, interest or earnings on moneys deposited
1 18 in the fund shall be credited to the fund.
1 19 Sec. 3. NEW SECTION. 312A.3 ALLOCATION AND USE OF FUNDS.
1 20 Moneys in the TIME=21 fund shall be credited and used as
1 21 follows:
1 22 1. Sixty percent for deposit in the primary road fund to
1 23 be used exclusively for highway maintenance and construction,
1 24 including purchase of right-of-way but not including project
1 25 planning and design. The following projects are eligible for
1 26 funding under this subsection:
1 27 a. Projects on highways in the commercial and industrial
1 28 highway network that are included in the department's
1 29 five-year plan, or in the long-range plan, for the primary
1 30 road system. Priority shall be given to projects in areas of
1 31 the state that have existing biodiesel, ethanol, or other
1 32 biorefinery plants.
1 33 b. Completion of projects on highways designated as access
1 34 Iowa highways pursuant to 2005 Iowa Acts, chapter 178, section
1 35 41.
2 1 c. Projects on interstate highways.
2 2 2. Twenty percent for deposit in the secondary road fund,
2 3 for apportionment according to the methodology adopted
2 4 pursuant to section 312.3C, to be used by counties for
2 5 construction and maintenance projects on secondary road
2 6 bridges and on highways in the farm-to-market road system. At
2 7 least ten percent of the moneys allocated to a county under
2 8 this subsection shall be used for bridge repair and
2 9 maintenance, with priority given to projects that aid and
2 10 support economic development and job creation.
2 11 3. Twenty percent for deposit in the street construction
2 12 fund of the cities, apportioned on the basis of population in
2 13 the manner provided in section 312.3, to be used to sustain
2 14 and improve the municipal street system.
2 15 Sec. 4. NEW SECTION. 312A.4 FUTURE REPEAL.
2 16 This chapter is repealed June 30, 2028.
2 17 Sec. 5. NEW SECTION. 307.31 PERIODIC REVIEW OF REVENUES
2 18 == EVALUATION OF ALTERNATIVE FUNDING SOURCES.

2 19 1. The department shall periodically review the current
2 20 revenue levels of the road use tax fund and the sufficiency of
2 21 those revenues for the projected construction and maintenance
2 22 needs of city, county, and state governments in the future.
2 23 The department shall submit a written report to the general
2 24 assembly regarding its findings by December 31 every five
2 25 years, beginning in 2011. The report may include
2 26 recommendations concerning funding levels needed to support
2 27 the future mobility and accessibility for users of Iowa's
2 28 public road system.

2 29 2. The department shall evaluate alternative funding
2 30 sources for road maintenance and construction and report to
2 31 the general assembly at least every five years on the
2 32 advantages and disadvantages and the viability of alternative
2 33 funding mechanisms. The department's evaluation of
2 34 alternative funding sources may be included in the report
2 35 submitted to the general assembly under subsection 1.

3 1 Sec. 6. Section 312.2, subsections 12 and 13, Code 2007,
3 2 are amended to read as follows:

3 3 12. The treasurer of state, before making the allotments
3 4 provided for in this section, shall credit monthly from the
3 5 road use tax fund to the revitalize Iowa's sound economy fund,
3 6 created under section 315.2, the revenue accruing to the road
3 7 use tax fund in the amount equal to the revenues collected
3 8 under each of the following:

3 9 a. From the excise tax on motor fuel and special fuel
3 10 imposed under the tax rate of section 452A.3 except aviation
3 11 gasoline, the amount of excise tax collected from one and
3 12 ~~eleven-twentieths~~ three-fourths cents per gallon.

3 13 b. From the excise tax on special fuel for diesel engines,
3 14 the amount of excise tax collected from one and
3 15 ~~eleven-twentieths~~ three-fourths cents per gallon.

3 16 13. The treasurer of state, before making the allotments
3 17 provided for in this section, shall credit monthly from the
3 18 road use tax fund to the secondary road fund the revenue
3 19 accruing to the road use tax fund in the amount equal to the
3 20 revenues collected under each of the following:

3 21 a. From the excise tax on motor fuel and special fuel
3 22 imposed under the tax rate of section 452A.3, except aviation
3 23 gasoline, the amount of excise tax collected from
3 24 ~~nine-twentieths~~ one-fourth cent per gallon.

3 25 b. From the excise tax on special fuel for diesel engines,
3 26 the amount of excise tax collected from ~~nine-twentieths~~
3 27 one-fourth cent per gallon.

3 28 Sec. 7. Section 315.4, Code 2007, is amended to read as
3 29 follows:

3 30 315.4 ALLOCATION OF FUND.

3 31 Moneys credited to the RISE fund shall be allocated as
3 32 follows:

3 33 1. ~~Twenty thirty-firsts~~ Four-sevenths for deposit in the
3 34 primary road fund for the use of the department on primary
3 35 road projects ~~exclusively for highways which are identified~~
4 1 ~~under section 307A.2 as being part of the network of~~
4 2 ~~commercial and industrial highways.~~ as follows:

4 3 a. Fifty percent for highways that support the production
4 4 or transport of renewable fuels, including primary highways
4 5 that connect biofuel facilities to highways in the commercial
4 6 and industrial highway network.

4 7 b. Fifty percent for highways that have been designated by
4 8 the state transportation commission as access Iowa highways
4 9 pursuant to 2005 Iowa Acts, chapter 178, section 41.

4 10 2. ~~One thirty-first~~ One-seventh for the use of counties on
4 11 secondary road projects, including secondary roads that
4 12 connect biofuel facilities to highways in the commercial and
4 13 industrial highway network.

4 14 3. ~~Ten thirty-firsts~~ Two-sevenths for the use of cities on
4 15 city street projects.

4 16 Commencing June 30, 1990, all uncommitted moneys in the
4 17 RISE fund on June 30 of each year which are allocated under
4 18 this section for the use of counties on secondary road
4 19 projects shall be credited to the secondary road fund.

4 20 Sec. 8. TIME=21 REVENUE COMMITTEE.

4 21 1. The legislative council shall establish a study
4 22 committee for the 2007 legislative interim to address the
4 23 revenue needs of the TIME=21 fund created in this Act. The
4 24 membership of the committee shall consist of eight members of
4 25 the general assembly as follows:

4 26 a. Four members of the senate, two appointed by the
4 27 majority leader of the senate and two appointed by the
4 28 minority leader of the senate.

4 29 b. Four members of the house of representatives, two

4 30 appointed by the speaker of the house and two appointed by the
4 31 minority leader of the house.

4 32 2. The committee may consider the revenue options proposed
4 33 in the 2006 report prepared by the state department of
4 34 transportation entitled "study of Iowa's current road use tax
4 35 funds (RUTF) and future road maintenance and construction
5 1 needs", as well as any other revenue options and related
5 2 issues. The committee shall report its findings and
5 3 recommendations, including a proposal for funding the TIME=21
5 4 fund, to the general assembly by January 15, 2008.

5 5 EXPLANATION

5 6 This bill creates a new transportation investment moves the
5 7 economy in the 21st century fund in the state treasury under
5 8 the control of the department of transportation. The fund is
5 9 to be known as the TIME=21 fund. The fund shall consist of
5 10 revenues appropriated by the general assembly or credited by
5 11 law to the fund.

5 12 The bill allocates 60 percent of TIME=21 funds to the
5 13 primary road fund, 20 percent to the secondary road fund, and
5 14 20 percent to the street construction fund of the cities.

5 15 The bill specifies that funds allocated from the TIME=21
5 16 fund to the primary road fund shall be used for construction
5 17 and maintenance projects on interstate highways, "access Iowa"
5 18 highways, and CIN highways that are included in the
5 19 transportation department's five-year plan or long-range plan.
5 20 Projects in areas with existing biodiesel, ethanol, or other
5 21 biorefinery plants have priority for funding. Funds used for
5 22 construction may be used for purchase of right-of-way, but not
5 23 for planning and design. The bill establishes that projects
5 24 in key corridors that are programmed for construction in the
5 25 2007=2011 Iowa transportation improvement program have funding
5 26 priority.

5 27 The bill directs that TIME=21 funds allocated to the
5 28 secondary road fund are to be used for construction and
5 29 maintenance of secondary road bridges and for construction and
5 30 maintenance of farm-to-market roads. At least 10 percent of
5 31 the moneys received by a county must be used for bridge repair
5 32 and maintenance with priority given to projects that aid and
5 33 support economic development and job creation. The bill
5 34 provides for allocation of TIME=21 funds to the street
5 35 construction fund of the cities on a population basis, to be
6 1 used to sustain and improve roads in the municipal street
6 2 system.

6 3 Provisions in the bill concerning the TIME=21 fund are
6 4 repealed June 30, 2028.

6 5 The bill increases the amount of revitalize Iowa's sound
6 6 economy (RISE) funds available to counties by revising the
6 7 formula for allocation of motor fuel tax revenues from the
6 8 road use tax fund to the RISE fund and the secondary road
6 9 fund, and revising the distribution formula for RISE funds.
6 10 The amount of the excise tax on motor fuel and special fuel,
6 11 other than aviation gasoline, and on special fuel for diesel
6 12 engines allocated to the RISE fund is changed from one and
6 13 eleven-twentieths cents per gallon to one and three-fourths
6 14 cents per gallon, and the amount of those taxes allocated to
6 15 the secondary road fund is changed from nine-twentieths cents
6 16 per gallon to one-fourth cent per gallon.

6 17 The allocation of RISE moneys to the primary road fund is
6 18 changed from twenty thirty-firsts to four-sevenths of total
6 19 RISE moneys, to the secondary road fund from one thirty-first
6 20 to one-seventh of the total, and to the cities from ten
6 21 thirty-firsts to two-sevenths of the total. The bill
6 22 specifies that 50 percent of RISE funds deposited in the
6 23 primary road fund shall be used for highways that support the
6 24 production and transport of renewable fuels, including
6 25 highways that connect biofuel facilities with highways in the
6 26 commercial and industrial highway network, and the remaining
6 27 50 percent shall be used for highways designated by the
6 28 transportation commission as access Iowa highways. The bill
6 29 also specifies that RISE funds deposited in the secondary road
6 30 fund shall be used for secondary road projects, including
6 31 projects on secondary roads that connect biofuel facilities
6 32 with highways in the commercial and industrial highway
6 33 network.

6 34 The bill requires the department of transportation to
6 35 continue to study the revenue levels of the road use tax fund
7 1 and report its findings and recommendations to the general
7 2 assembly every five years, beginning December 31, 2011. The
7 3 department is also required to evaluate alternative funding
7 4 sources for road maintenance and construction and report to
7 5 the general assembly at least every five years on the

7 6 viability of alternative funding mechanisms.
7 7 The bill requires the legislative council to establish an
7 8 interim committee composed of eight legislative members to
7 9 study funding options for the TIME=21 fund and report the
7 10 committee's recommendations to the general assembly by January
7 11 15, 2008.
7 12 LSB 2934YC 82
7 13 dea:rj/cf/24.1